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Approved For Release 2003/04/17 : CIA-RDP80-01826R000900120002-2

CONFIDENTIAL

MEDICAL BENEFITS

Inequities exist under current authorities in the field of medical benefits for Agency employees and their dependents. Certain overseas employees are being denied medical benefits merely because they are serving in a temporary-duty assignment or at a post in a territory or possession of the United States. Also, at the present time, there is no authority for providing medical benefits to the dependents of Agency employees serving overseas. It is requested that consideration be given to the enactment of legislation designed to eliminate these inequities.

The Central Intelligence Agency Act of 1949 (63 Stat. 208) provides medical benefits to certain Agency employees overseas. The authority for providing these benefits is contained in Sections 5(a)(5)(A) and (C) of the Act. The additional benefits consist of more liberal standards of eligibility for medical and hospitalization benefits than are provided by the Federal Employees' Compensation Act of 1916 (Public Law 267 - 64th Congress, as amended).

The language of Section 5 was based on Title IX, Part 2 of the "Foreign Service Act of 1946" (Public Law 724, 79th Congress). Under the provisions of that Act, medical benefits authorized therein may be provided all officers and employees of the Foreign Service who are assigned abroad, regardless of their particular status at the time of overseas assignment. The Department of State has defined "assigned abroad" to mean "while physically outside the continental limits of the United States pursuant to official orders." Although the wording of the authority in Section 5(a)(5)(A) and (C) of the CIA Act appears to grant the same benefits

Tab A

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as those granted by the State Department authority, certain substantive differences in these authorities are noted. Application of the CIA authority is limited to officers and full-time employees assigned to permanent-duty stations outside the continental United States, its territories, and possessions. This limitation precludes payment of medical expenses of employees who are overseas on temporary-duty orders, or who are serving in areas [redacted] 25X1A6A

Present statutory limitations require distinctions between overseas personnel based solely on their assignment status (i.e., whether permanent or temporary duty) and result in inequities. Two employees stationed at the same post and both afflicted with cancer (not traceable to performance of duty under the standards of the Federal Employees' Compensation Act) should receive the same medical and hospitalization benefits from CIA. The justifications supporting such benefits for permanently assigned personnel are substantially applicable to persons on temporary duty. The basic factor in both situations is that the employee is performing official duties at a particular geographical location pursuant to official orders. As noted above, the present statutory meaning of "abroad," as contained in CIA authority, precludes the extension of medical benefits to personnel in locations [redacted] 25X1A6A The justification for medical benefits, in excess of those provided under the Federal Employees' Compensation Act, was based on lower standards of sanitation, medical practice, and hospital facilities and, in some locations, the complete inaccessibility of medical and hospital facilities. That justification is equally valid with respect to the above-cited locations. For security reasons, specific locations cannot be specified in legislation.

Furthermore, it is believed that the fact that a particular area may or may not be a "territory or possession" has no bearing whatsoever on the health and sanitary conditions in that area.

The cost to the Government of extending medical benefits to Agency employees on temporary-duty assignments overseas as well as extending the "assigned abroad" concept in the CIA Act to include U. S. territories and possessions in addition to foreign countries, is estimated to be very low in terms of the benefits to be derived. Based on our recent experience, the cost would be approximately $11,000 per annum.

Another basic problem is the Agency's lack of authority to provide medical benefits for the dependents of personnel serving overseas. The mission of the Central Intelligence Agency requires the permanent assignment of career employees to all areas of the world. It has long been an established Government policy to allow dependents of employees serving abroad to accompany these employees at Government expense. The merit of such a policy is above question. The presence of an employee's wife and family in the area is extremely beneficial to his morale and, as a consequence, he performs more effectively. Also, it is our belief that the Government has a moral obligation to reimburse its employees for medical costs and incidental travel expenses due to illness contracted by their dependents by reason of environmental conditions attributable to the employee's work. The proposed legislation attached hereto provides a standard of eligibility for dependents' medical benefits which is substantially the same as that provided in the Federal Employees' Compensation Act, namely, that there be a causal relationship between the contraction of the dependent's condition and the employee's assignment.

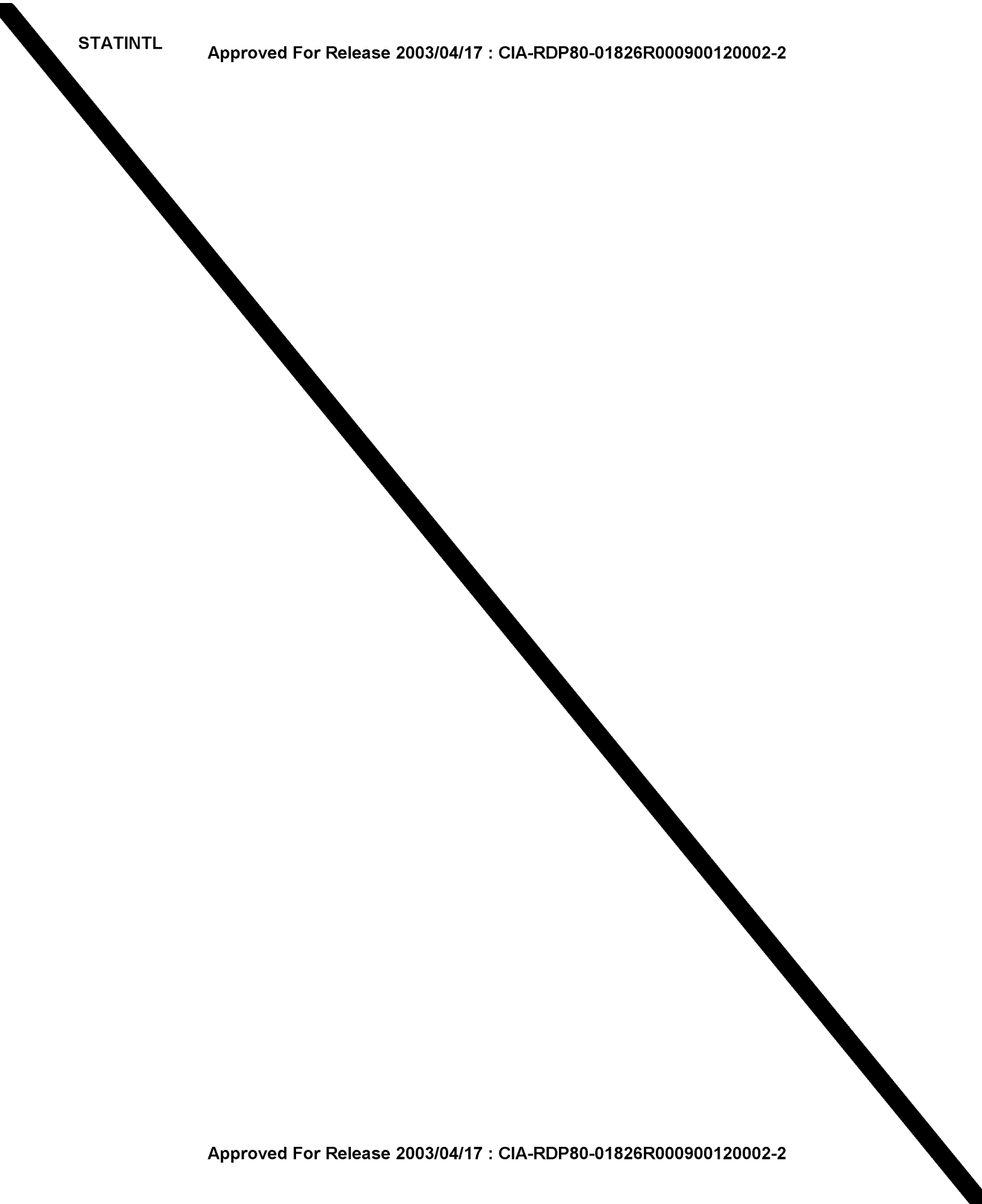
It has been estimated that the annual cost of administering a program providing medical benefits for dependents as discussed above will be approximately [redacted] This figure is based upon the provision of medical benefits to dependents of Agency employees assigned abroad on a permanent duty basis only, but expanding the present definition of "assigned abroad" as contained in the CIA Act to include territories and possessions. 25X9A2

Favorable consideration of the attached proposed legislation is requested.

Attachment

Tab A

Draft legislation to be prepared by the Office of the General Counsel.



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DEATH GRATUITY

Security problems posed by the unusual requirements of the Agency with regard to the status of its employees are responsible for certain inequities to their survivors in procuring the monetary benefits to which they would normally be entitled by reason of the decedent's Government employment. As a result of considerable study on this problem within the Agency it is recommended that legislation be enacted to authorize payment of a death gratuity to the survivors of deceased Agency personnel.

The CIA has developed a career service concept in its employment practices which places certain unique responsibilities on its employees while at the same time providing benefits designed to compensate for some of the shortcomings of employment with an intelligence organization. All existing death benefits - as provided by the Civil Service Retirement Act of May 22, 1920, as amended; by the Federal Employees Compensation Act of September 7, 1916, as amended; and by commercial insurance policies - are contingent upon the existence of certain circumstances. In normal Government employment the facts and records necessary to effect fairly rapid payment of claims or benefits may be made available by the Agency concerned as necessary. This is often not the case with this Agency. Security factors cause inordinate but unavoidable delays to arise in the acquisition, processing and review of data required to prove the presence of the required conditions. In some cases it is impossible to substantiate claims without jeopardizing intelligence sources. It is considered that employees of the CIA and their survivors are at a disadvantage, as compared with other employees of the Federal Government.

Precedent for the payment of death gratuities exists in the military services. They are authorized to pay a death gratuity of an amount equal to six months' pay at the rate received by the officer, enlisted man, or nurse at the time of his or her death (34 U.S.C. 943 Navy: 10 U.S.C. Army).

There is attached a draft of a bill which, if approved, would give us the necessary authority to pay death gratuities to deceased employees. This bill provides that a gratuity would be awarded immediately upon official notification of death and regardless of the cause of death. However, intoxication, attempts to do harm to oneself, or any deliberate misconduct on the part of the employee resulting in his death would raise a presumption of ineligibility of the survivor(s) to the gratuity. The gratuity would be available only to the survivors of bona fide employees of this Agency. The gratuity would be in the amount of $1000 and would provide an appropriate and immediate financial cushion to survivors, the equivalent of about three months of average income. Since this gratuity would be contingent solely upon death while the individual is in the employ of the Agency, it would be in addition to any other compensation or benefit to which the survivor might be entitled. The gratuity would not be subject to set-off for indebtedness.

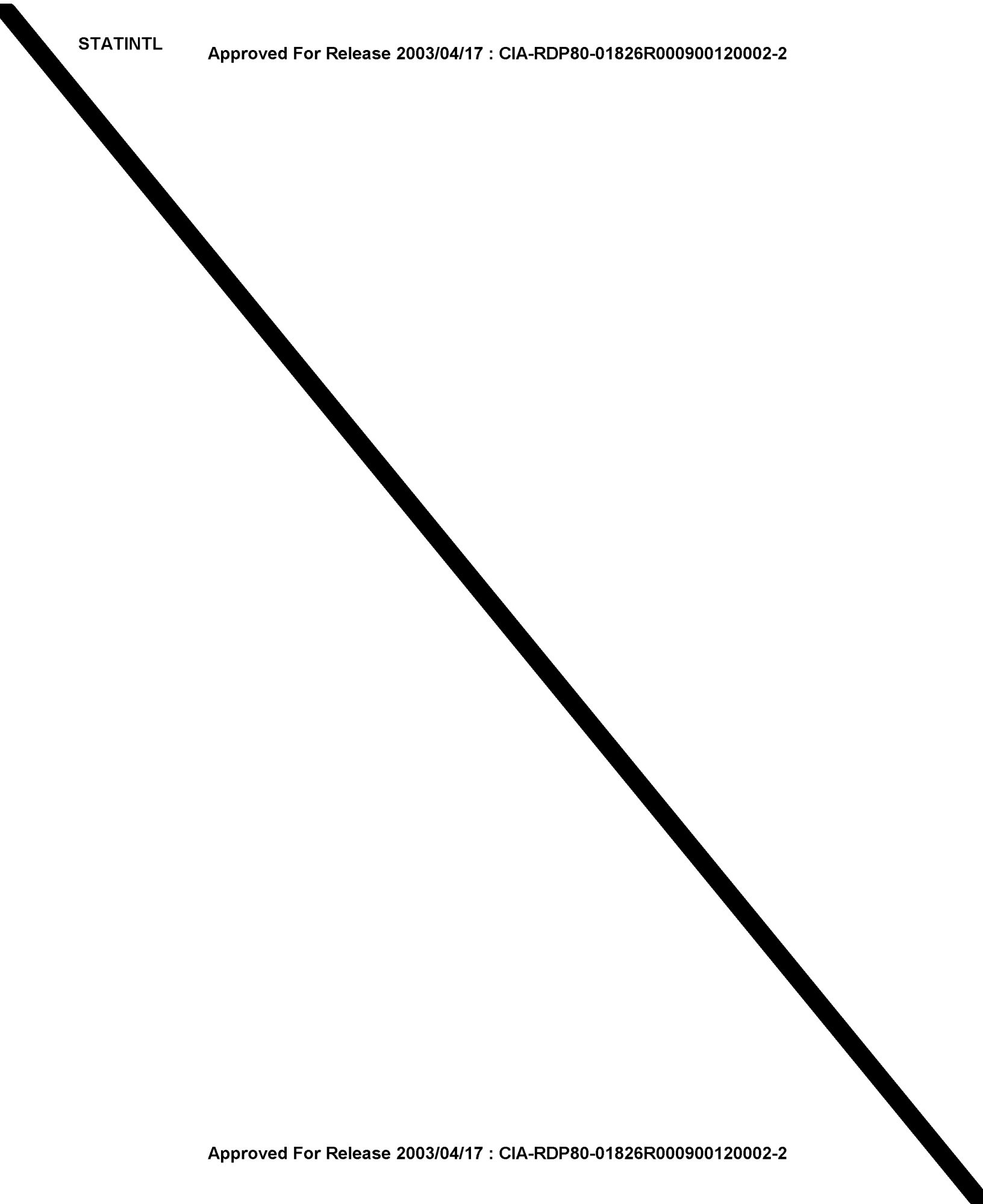
It is estimated that the cost of a death gratuity program such as the above would not be excessive in terms of the benefits which would be derived. During the past two years about thirty Agency employees died. Under the gratuity system proposed above this would have resulted in a cost of approximately $15,000 per year. Considering this sum in comparison

with the total number of Agency employees, the cost per employee covered would have been very small, and yet it is felt that the benefits to the employee and the Agency would have been considerable.

Favorable consideration of the attached proposed legislation is requested.

Attachment

Draft legislation to be prepared by the Office of the General Counsel.



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LIBERALIZED RETIREMENT SYSTEM

This is a request for an amendment to the CIA Act of 1949 (63 Stat. 208), which would authorize a more equitable retirement plan for employees of the Central Intelligence Agency who are required to perform their duties under circumstances considered to be unique.

This proposal was submitted to Mr. M. Eliot Kaplan, Chairman of the Committee on Retirement Policy for Federal Personnel on _____ for the consideration of that group. (Consider a reference to the official attitude taken by the Kaplan Committee when and if such is made available to the Agency.)

This Agency has instituted a professional career service, which involves, among other things, a concept that employees are required to serve where and when they are needed in the best interest of Agency activities. In performing their assigned duties, many of these employees frequently are subjected to conditions which differ markedly from those generally typical of Federal employment. In the course of their careers with this Agency many employees will serve overseas, and many of these under various cover restrictions which have an abnormal influence on their living habits. These individuals are likely targets of forces inimical to the best interests of the United States and are thus continually subject to potential hazard. In the event of war or civil disturbance in their area of assignment, they become immediately susceptible to attack or seizure. In addition to these general hazards, many of the Agency employees are required to perform duties which are hazardous in themselves. Another factor having a serious bearing on the conditions under which certain of our personnel are required to perform their duties is that they may be assigned to posts which are considered unhealthful.

Activities in which many CIA employees are required to engage in overseas areas require a combination of mental, physical and psychological characteristics which are found in diminishing proportions as employees advance in age. This is particularly true among employees who have been engaged in such activities for an extended period of time. In order to permit an infusion into the organization of younger personnel who have the desired qualifications, and also to permit the equitable separation of older personnel, the older Agency employees should be permitted to retire at an earlier age than would be possible under the current Civil Service Retirement Act, and this retirement should be on the basis of full annuity. Retirement on a full annuity basis is considered equitable since many of these individuals would suffer financial hardship in converting to other employment, considering the specialized nature of their official activities and the limitations imposed on divulging any information pertaining to these activities.

TAB C

Accordingly, it is recommended that the Central Intelligence Agency Act of 1949 be amended in such a manner as would permit the retirement of the personnel referred to above on full annuity at an earlier age than is permitted under the existing Civil Service Retirement Act. It is recommended that, within the general framework of the present Civil Service Retirement Act, personnel serving under the conditions previously indicated receive extra service credits. Under our proposal, which is attached, each year of service overseas would lower the voluntary retirement age six additional months. Each year of overseas service at an unhealthful post would lower the voluntary retirement age an additional eight months. Further, for each year of service overseas an employee would receive credit for one and one-half years of service for retirement purposes. For each year of overseas service at a post designated by the head of the Agency or other appropriate authority as being unhealthful, the employee would receive credit for two years service.

A liberalized retirement plan for Agency personnel engaged in the activities referred to above appears to be justified on the basis of precedents established by the Congress for Foreign Service personnel, and also personnel whose duties involve the investigation, apprehension or detention of persons suspected or convicted of offenses against the criminal laws of the United States. Under the Foreign Service Act, Foreign Service officers having twenty years of service who have reached the age of fifty years are entitled to retirement. Such individuals are also granted additional service credit for time spent at unhealthful posts. Special retirement for investigative personnel is provided by the Civil Service Retirement Act of 1930, as amended, which provides that such personnel may retire at age 50 when they have rendered at least 20 years of service. This Agency believes that a special retirement plan for certain of our personnel is consistent with the intent of Congress as expressed in the two pieces of legislation referred to.

Although the retirement proposal discussed above is more liberal than that presently authorized by the Civil Service Retirement Act, it is less liberal than the retirement plans of the Foreign Service, or of the military services. Since a given employee in the course of his employment with the Agency would serve overseas only a portion of his time, retirement at an extremely early age would almost certainly be precluded.

(A final paragraph would include cost estimates which are not available at this time.)

Attachment

The proposed amendment to P.L. 110 establishing a liberalized retirement program which has been drafted by the Office of the General Counsel is not consistent with the proposal of the Task Force. The Personnel Office intends to discuss this matter with the General Counsel's Office. Preliminary discussions have already been held with Mr. John S. Warner in this regard.

TAB C

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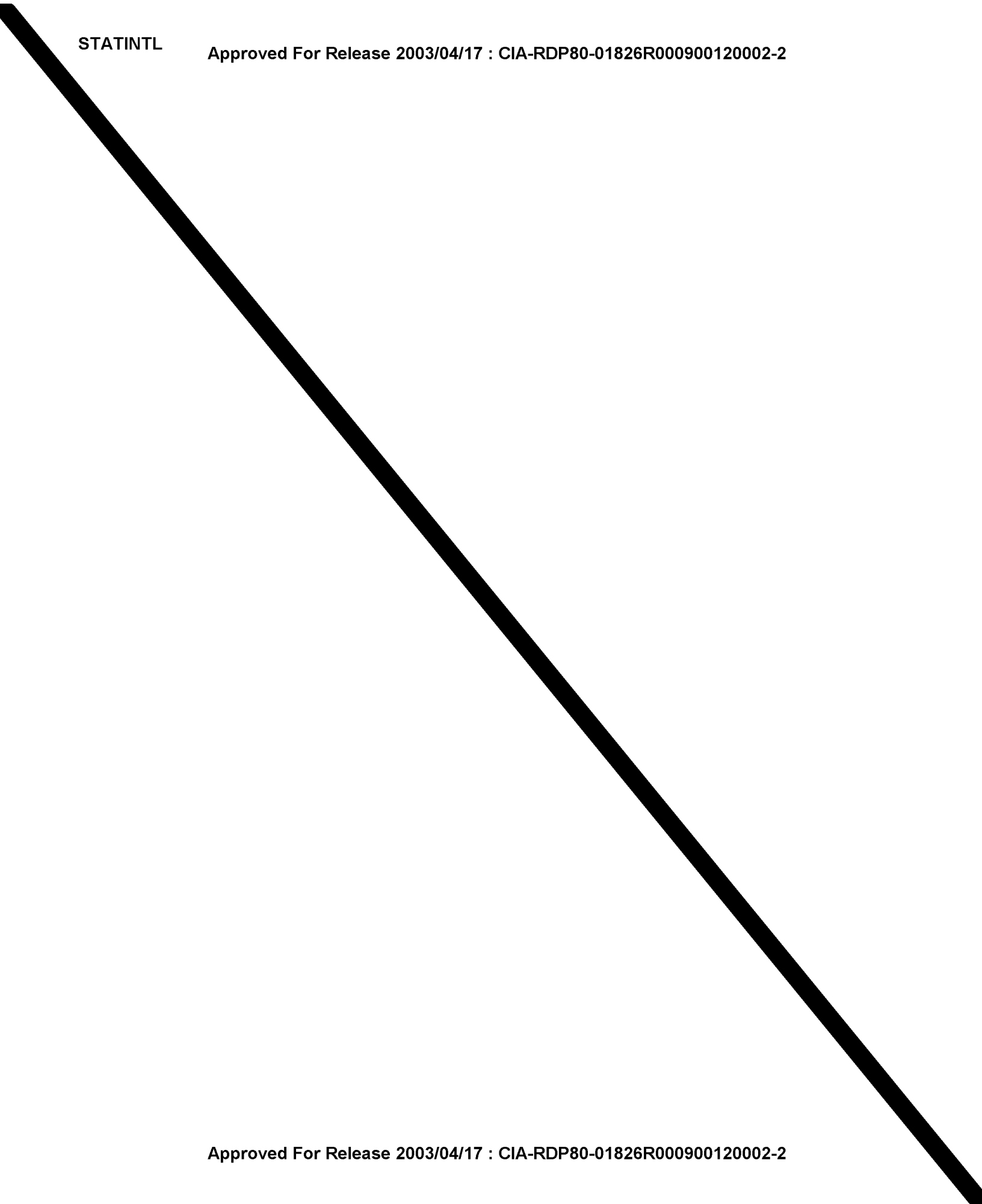
Proposal for Legislation to Provide Allowances to Agency Officers and Employees for Education of Minor Dependents

A new subsection is added at the end of section 4 of the Act of June 20, 1949 (63 Stat. 208) as follows:

"(c) The Agency shall, under such regulations as the head of the Agency may prescribe, pay an allowance to assist an officer or employee of the Agency at a permanent station outside the United States to provide for the elementary and secondary education of a minor dependent accompanying such officer or employee. Such allowance shall be designed to equalize the cost of education of such minor dependents to expense of education at public schools for children in the United States based on cost factors in such locations as the head of the Agency deems appropriate. Such allowance may include tuition, board and room, correspondence courses and related costs; and transportation to and from the nearest locality where a generally equivalent course is available."



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EXEMPTION OF CIA FROM PERFORMANCE RATING ACT OF 1950

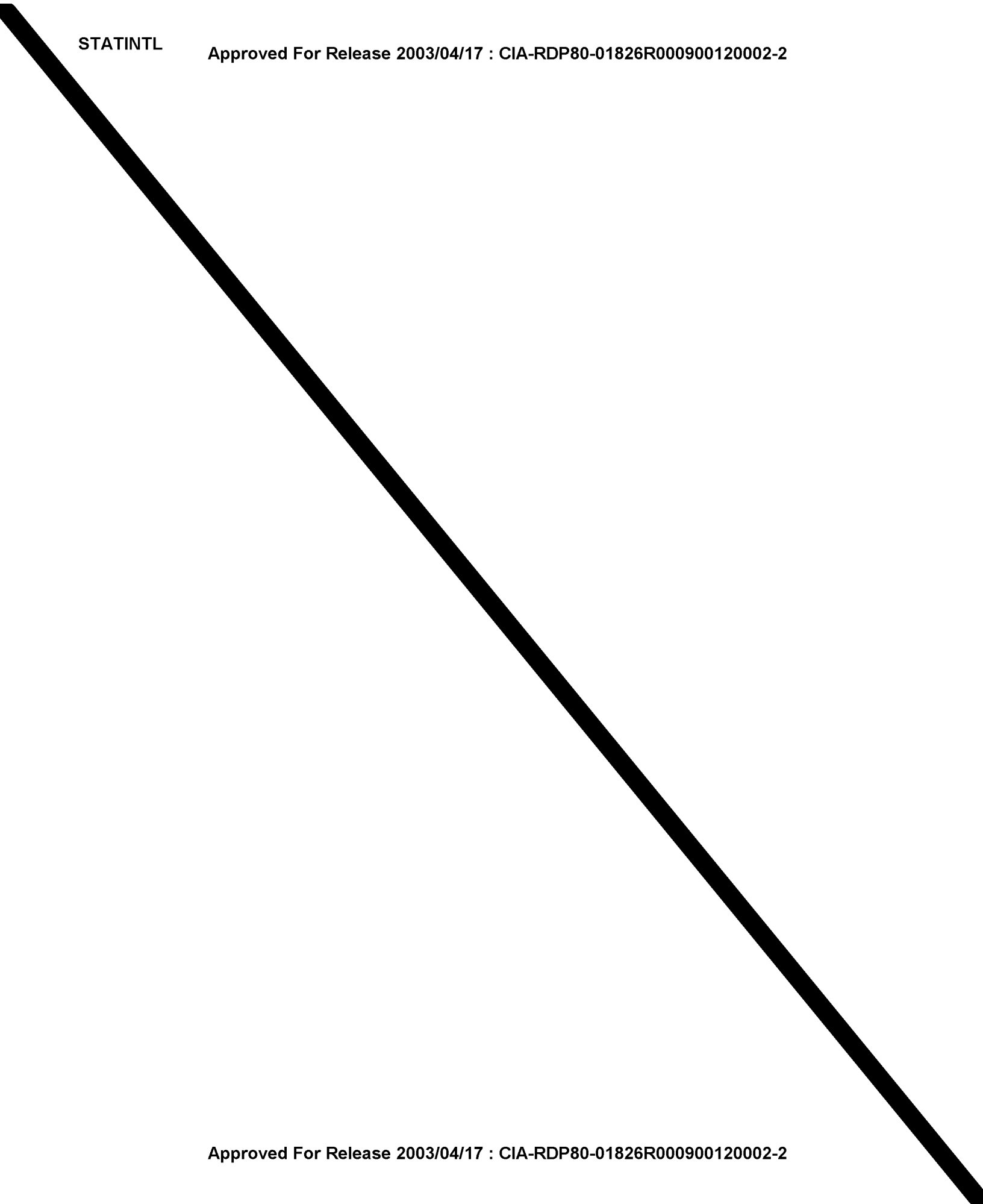
The Performance Rating Act of 1950 (64 Stat. 1098) abolished the former uniform efficiency rating system and established a program for the development of performance rating plans to meet the particular needs of the various departments and agencies within the framework of the Act and of regulations issued by the U. S. Civil Service Commission pursuant thereto.

The Act provides for the evaluation of performance and the recognition of merits of employees as a means of improving the effectiveness of employee performance, strengthening supervisor-employee relationships, and of recognizing outstanding contributions by employees. While there is no problem with respect to the intent and spirit of the Act, certain procedural features are prejudicial to the accomplishment of the mission of the Central Intelligence Agency. In the main, the points of difficulty involve requirements relating to external review and inspection which are incompatible with the Agency's practices and policies governing security of information and protection of intelligence sources and methods.

Discussions with representatives of the U. S. Civil Service Commission have indicated that administrative solutions to these problems are not feasible since they would hamper the Commission's discharge of its responsibilities as stated in the law. Therefore, the Agency has developed, and is presently using on an experimental basis, a plan for the evaluation of personnel which satisfies the particular requirements of this organization and is consistent with the main objectives of the Performance Rating Act. The cost of administering this plan does not exceed the probable

TAB E

cost of administering a performance rating plan conforming to the procedural requirements of the Act. On this basis, it is requested that consideration be given to the initiation of an amendment to the Performance Rating Act during the coming session which would exempt the Central Intelligence Agency from the Act.



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PROVISION OF SPECIAL HOME LEAVE BENEFITS

Section 5(a)(3)(A) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403(a) et seq) provides authority for the granting of leave and payment of travel and transportation expenses to employees of the Agency who have been assigned to permanent duty stations outside the continental United States, its territories or possessions, and who meet certain conditions prescribed therein. The purpose of this leave is to enable employees who have accepted a concept of career service including tours of overseas duty an opportunity to spend some time in this country at reasonable intervals. This leave time is of advantage to the employee and to the Government since it permits the employee to become re-oriented to the traditions and customs of everyday living in this country and to re-establish family ties.

One of the conditions attached to eligibility for leave under the above statute is that the employee have to his credit sufficient annual leave to carry him in a pay status for 30 calendar days (a minimum of 22 days of annual leave). Prior to the enactment of the Annual and Sick Leave Act of 1951 (5 U.S.C. 2062), Agency personnel accrued 26 days annual leave a year. It could be assumed that such an employee, without any accumulated leave based on prior Federal service, would be able to use a reasonable amount of annual leave and still carry a sufficient balance to be eligible for home leave. Under the graduated leave system now in effect, and because a great number of Agency personnel are now in Federal service, great inequities regarding home leave exist between employees working side by side in the same field installation. For example, a new employee who accrues leave at a rate of 13 days per year will have only four days annual leave

available for use during the two-year service period if he must reserve 22 days for home leave use. On the other hand, another employee who has 15 years of prior Federal service will have 30 days of annual leave available for use during his tour.

Apart from such inequities, it is doubtful that limitation of annual leave to four days during a two year period is compatible with modern personnel management practices which encourage periodic intervals of rest and relaxation. An additional disadvantage of the present situation is that the new employee is denied the opportunity to take advantage of his residence in the overseas area by visiting points of interest during leave periods. Such opportunities are frequently an incentive to employees in accepting overseas assignments.

Employees of this Agency accept a concept of career service which requires willingness to serve wherever needed and, when so assigned, are required to serve overseas tours comparable to those required of Foreign Service personnel. The travel benefits granted under sec. 5(a) of the CIA Act compare with those provided by sec. 933 of the Foreign Service Act of 1946. However, special leave benefits are granted Foreign Service personnel by sec. 203(e) of the Annual and Sick Leave Act of 1951 which are not provided CIA personnel who also accept careers entailing extended overseas service.

A very rough estimate of the probable cost of granting this benefit can be based on the number of employees currently serving overseas, usual duration of overseas assignment and average salary rate. Without consideration of decreases occasioned by return of employees not eligible for home leave or of increased travel costs, it is anticipated that payments for home leave would approximate [redacted] per year.

25X1

It is accordingly requested that the attached legislative amendment be considered in order to provide CIA employees with a special home leave benefit comparable to that now accorded only to Foreign Service personnel.

Attachment

Proposal for Legislation to Provide "Home Leave" Benefits to Agency Officers and Employees

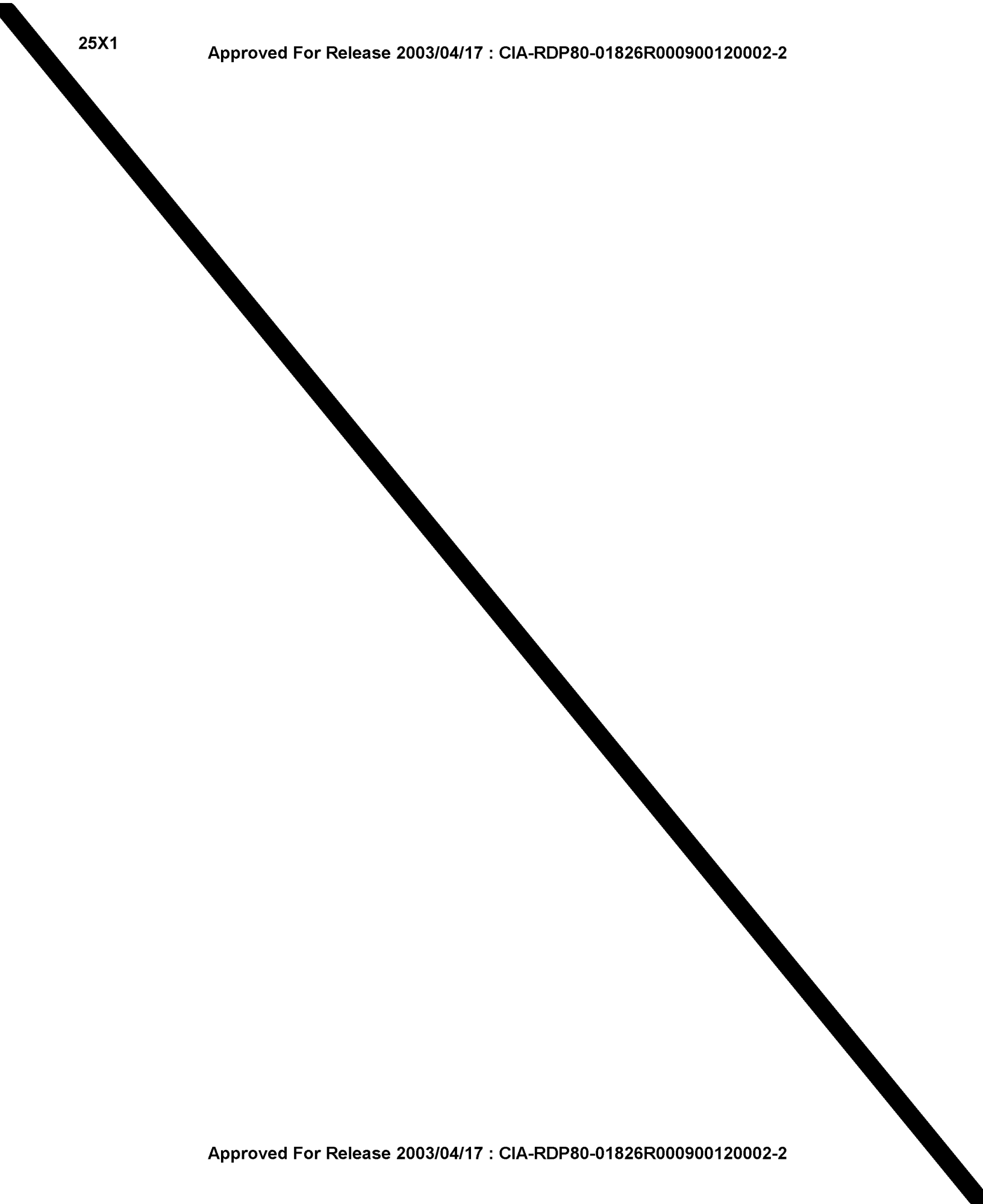
Subsection 5(a)(3)(A) of the Act of June 20, 1949 (63 Stat. 208) is amended to read as follows:

"(3)(A) Order to the United States or its Territories and possessions on leave provided for in subsection (c) of this section every officer and employee of the Central Intelligence Agency who was a resident of the United States or its Territories and possessions at the time of employment, upon completion of two years' continuous service abroad or as soon as possible thereafter."

A new subsection is added at the end of section 5 of the Act of June 20, 1949 (63 Stat. 208) as follows:

"(e) Officers and employees of the Central Intelligence Agency may be granted leave of absence, without regard to any other leave which may be granted such officer and employee by any other act, for use in the United States, its Territories or possessions, at a rate equivalent to one week for each four months of service outside the several States and the District of Columbia. Such leave may be accumulated for future use without regard to the limitations contained in any other law but no such leave which is not used shall be made the basis for any terminal leave or lump-sum payment."

Tab F



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EXTENSION OF THE MISSING PERSONS ACT

The Missing Persons Act (P.L. 77th Congress), as amended, which authorizes heads of agencies to designate Federal civilian and military personnel as missing-in-action or dead and to continue their salaries, allowances and allotments during a missing status, will expire 1 February 1954. Since the Agency believes this legislation to be of prime importance in supporting the execution of its mission, it is requested that consideration be given to the extension of this Act or to the enactment of permanent Missing Persons legislation.

The necessity for such legislation is inherent in the employment of overseas personnel under conditions of strife among nations, whether it be civil or military, localized or world-wide, surreptitious or overt. The severity of the need obviously varies with the world situation. During the time of war, for example, military personnel are extensively and primarily concerned. Although missing-in-action cases are fewer in number in peacetime, the present and prospective world tensions presage the continued exposure for an indefinite period of civilian and military personnel to possible apprehension by unfriendly forces. Central Intelligence Agency personnel are especially vulnerable to seizure by hostile foreign forces. This results in part from the necessity for overseas operations and in part from the nature of intelligence activities. Personnel engaged in intelligence operations may be subjected to sinister and ruthless action; in this sense, the risks assumed by certain Agency employees are abnormal in relation to those experienced by other civilian

employees and by military personnel in time of peace.

Notwithstanding the magnitude of the problem at any given period, permanent legislation appears warranted as long as there is any threat of seizure of overseas personnel. Current legislation achieves two principal purposes. First, administrative requirements are established for making individual determinations of missing status or death, and, second, provision is made for the continuance or termination of compensation, allowances and allotments, as appropriate. That an administrative determination should be made of an individual's status - missing or dead - seems elemental; a finding of status is necessary for various reasons such as the notification of dependents and beneficiaries, and the settlement of unpaid compensation. Moreover, a legal determination of death is a prerequisite to the payment of insurance and other legal actions affecting the employee and his dependents.

The Agency's career service is predicated upon the willingness of its employees to accept an obligation to undertake any assignment at any location in the interest of the United States. Acceptance of this commitment is deemed essential to the Agency's operations even though it may require an employee to assume assignments and risks which are personally undesirable. The Agency recognizes, however, that such stringent demands must be counterbalanced by an assurance to its personnel that their dependents will have some protection against financial adversity in the event detention occurs, and in the event of death that a prompt legal determination of death may be effected. The Agency believes that overseas employees exposed to risk regard the financial repercussions of their seizure as a matter of paramount concern. Accordingly, the proper recruitment and utilization of personnel and the

maintenance of an Agency career service amply justify the continuance of the benefits provided in the present Missing Persons Act.

In view of the widespread interest in this subject by the Department of Defense and other Federal agencies, it is assumed that one or more proposals may be submitted to your office for consideration. This Agency believes that its needs can best be met by permanent legislation of general applicability in the Federal service and would appreciate the opportunity to comment on any legislative proposal which your office may consider. If a general legislative proposal on missing persons is not anticipated for the coming session we are desirous of securing your support for the enactment of the attached.

Proposal for Legislation to Assure that Continuing Protection of the Missing Persons' Act is provided for Officers and Employees of the Agency

A new subsection is added at the end of section 7 of the Act of June 20, 1949, (63 Stat. 208) as follows:

"(e) Regardless of the fact that the Act of April 4, 1953, c.17 s 1(f), (67 Stat. 20), 50 App. U.S.C. 1001-1005) cited as the "Missing Persons' Act" may lapse, be repealed or otherwise terminate, the provisions of said act shall remain in full force and effect with regard to all officers and employees of the Central Intelligence Agency. The head of the Agency shall prescribe appropriate rules and regulations for the administration, determination and other matters required thereunder."

Explanatory note -

Technical requirements of legislative drafting may require elaboration of the above with full statement of the provisions referred to. The above, however, would be the simplest way of wording the legislation.

TAB 7